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FROM : Department of State

DATE: *June 5*

SUBJECT : The Sixth Special Session of the UN
[General Assembly - April 9-May 2, 1974]

REF : State 94134, 99106 (NOTAL), 104050

SUMMARY: This airgram provides a detailed report on the Sixth UNGA Special Session which ended May 2. While restraining an interest in detail with a desire for brevity, it describes the preparations for the Session; the dynamics of the Session with respect to both the issues before it and the behavior of delegations as regional groups and individually; and the potential impact of the results on future international meetings. It is intended to supplement the reference telegrams.

Supporting documentation, including the texts of the two major US speeches, is annexed for reference. END SUMMARY

Preparation for the Session

1. Algerian President Boumediene formally requested the convening of a Special Session of the General Assembly on January 30, largely as a reaction to the Washington Energy Conference and a French proposal to hold a World Energy Conference under UN auspices. The initiative was also probably intended to strengthen Algeria's leadership

Annexes:

1. Declaration on the Establishment of a New International Economic Order
2. Program of Action
3. Secretary Kissinger's Speech
4. Ambassador Scali's Speech
5. Compilation of Reservations
6. US Draft Resolution

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of the Non-Aligned Group, of which it is currently president, in the face of continuing competition from Yugoslavia and India. In order to divert attention from the oil price issue and to rally the developing countries around the theme of their "unfair" terms of trade, Boumediene proposed that the Assembly deal with "the problem of raw materials and development." In doing this, Algeria moved dramatically forward to achieve policy goals recently reaffirmed at the 1973 Non-Aligned Conference.

2. The Algerian initiative caught the governments of developing countries by surprise. Many, particularly the Latin Americans but some in Africa and Asia as well, doubted that the Session could serve a useful purpose. But Algeria quickly rallied the more active members of the Non-Aligned and won their support for confronting the developed world with a call for establishing new rules for international economic relations which would respond to virtually all developing country demands expressed over the past two decades.

3. When the preliminary confusion began to subside, delegates from developing countries, caucusing as the Non-Aligned and Group of 77 in New York, ^{1/} began to prepare draft documents to table at the Session. They quickly took the form of a Declaration of Principles (eventually entitled "Declaration on the Establishment of a New International Economic Order") and a Program of Action. The Declaration of Principles to a large extent reformulated principles adopted at the first UN Conference on Trade and Development (UNCTAD I) in 1964--which, with few exceptions, the US and

1/ The Non-Aligned Group is composed of the developing countries of Africa and Asia (1) except primarily for Turkey, Iran, Pakistan, Thailand, the Khmer Republic and the Philippines, (2) plus Yugoslavia, Malta, Cyprus, Cuba, Guyana, Jamaica, Trinidad, Argentina, Peru, and Chile. Most Latin American countries are thus not members of the Group. Historically it has focused on political issues, with anti-colonial and pro-Arab positions in the forefront. The Group of 77 has been the caucus of almost all developing countries (now about 100) in UNCTAD meetings. Its focus has been almost exclusively economic. Both groups exclude the communist states (except Yugoslavia and Cuba as noted before). Although the two groups are not totally separable (about three-fourths of the Group of 77 are members of the Non-Aligned), their dynamics and organization are so different as to warrant distinguishing between them.

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a number of other developed countries had voted against or abstained on--as well as LDC positions on similar principles under negotiation in the UNCTAD Working Group on the Charter of Economic Rights and Duties of States. The draft Program of Action was a restatement of LDC views on economic issues--in trade policy, monetary policy, development assistance, etc.,--which had been raised in UNCTAD meetings since 1964 and which had been debated for a year in the 1973 Review and Appraisal of Implementation of the International Development Strategy (the Department's A-453 of January 16, 1974, reported on that exercise). The very subject of the Session, raw materials and development, was a minor theme in these drafts. The pressing needs of some developing countries for relief from rocketing costs of essential imports was not mentioned.

4. During the last week in March, some developing countries, including Iran, tabled a resolution dealing explicitly with "the adverse effects of the current economic situation" at the Economic Commission for Asia and the Far East (ECAFE) meeting in Colombo. The resolution expressed concern over the impact on developing countries of worldwide inflation; sharply higher prices of oil, food grains, fertilizers and industrial goods; supply shortages; etc. It recognized that adequate financial assistance on appropriate terms was one immediate remedy, and "warmly welcomed" commitments which the oil exporting countries were making. It urged action by the international financial institutions and maintenance of aid levels by the developed countries. The resolution was adopted without dissent and transmitted to the General Assembly for consideration at the Special Session.

5. It thus appeared immediately before the Session began that only a certain number of LDC governments supported the approach to the Session embodied in the draft Declaration of Principles and Program of Action prepared in New York. Others were either uninterested or hoped the Assembly would deal with urgent needs in the areas of oil, food and fertilizers. The United States was disturbed by the positions developing in New York and was eager to see whether LDC government officials coming to the Session from capitals would be able to turn their New York delegations to deal with concrete, more immediate problems.

Plenary Positions

6. As representative of the government requesting the Session, President Boumediene led off the plenary

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speeches with a militant address which emphasized the need for developing countries which are raw material producers to take government action to raise the world market prices of their exports. He particularly stressed the importance of nationalizing production and sales processes as a means of making government control over natural resources effective. Under this impetus, the right to nationalization became the major sub-theme to the topic of raw materials at the Session.

7. In other plenary speeches, spokesmen of developing countries almost universally condemned the current structure of economic relations between the developed and developing worlds. The price of oil, however, became a topic of discussion from the first day. Oil producers defended their actions as merely overthrowing the artificially low prices imposed by the oil companies, and they urged other developing countries to follow their example. The Arab oil producers pointed with pride to their past and prospective assistance efforts, usually described in general terms.

8. Delegates from oil-importing developing countries for the most part seconded the oil-producers' positions. Several speakers called in particular for LDCs to make OPEC-type producer arrangements to raise the price of other commodities. But significant voices of dissent were heard with a certain frequency. Liberian President Tolbert broke the ice shortly after Boumediene spoke, by calling the Assembly's attention to the critical situation created for a limited number of developing countries by the oil price rise in combination with other rising import costs. Tolbert's views were reaffirmed by Zambia, Sierra Leone, Guyana, Sri Lanka, Togo, Thailand, the Philippines, India and Kenya, among others. While establishing a second theme for the Session, the impact of their plenary speeches was not forceful. For example, all the delegations listed above beginning with Sri Lanka spoke at or after the middle of the second week.

9. Secretary Kissinger's address on April 15, with constructive proposals for action, was in marked contrast to the themes of the Non-Aligned. He pointed to the need for an expanding supply of energy at an equitable price as the primary problem and suggested cooperative efforts to conserve supplies and develop new sources of energy. For raw materials he urged that an international group of experts working closely with the UN Division of Resources

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undertake a comprehensive survey of the earth's resources and help develop a global early warning system on impending surpluses and scarcities. He stated that a central objective of the World Food Conference (scheduled for the fall) should be to restore the world's capacity to deal with famine and declared US readiness to join other governments to rebuild food reserves. He expressed the hope that the United States would increase its aid to developing nations from \$258 to \$675 million this year to raise their agricultural production and added, "We shall make a major effort to increase the quantity of food aid over the level we provided last year." He welcomed the steps the oil producers have taken towards applying their new surplus revenues to help meet the needs of the poorest nations to develop and to avoid starvation and said that the developed nations, too, have an obligation to help. He pledged US support to an early replenishment of the International Development Association. He called for a cooperative effort to apply science to problems of developing nations such as farming technologies, birth control, energy, and to a study of climatic changes. Finally he called for a commitment by both developed and developing nations for an open trading system, a flexible but stable monetary system, and a positive climate for the free flow of resources, both public and private, to sustain the growth of the global economy. (The text of the Secretary's speech is attached, Annex 3.)

10. Other developed country spokesmen for the most part limited themselves to endorsing the need for improving LDC trade prospects and for some reform of existing trade, aid and monetary structures. Most called attention to the plight of those developing countries hardest hit by oil, food and other price rises. Some made specific proposals for General Assembly action. The Japanese led this category with a package of five proposals aimed at improved UN capability in the field of natural resources, including establishing a group of "Wise Men." The FRG also proposed a "Wise Men" group. France proposed an economic monitoring center for commodities in world trade, as well as supporting a general network for a larger number of commodity agreements.

Action on Draft Documents

11. With regard to the Group of 77 draft texts for

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the Declaration of Principles and Program of Action, the Session functioned in two parts: During the first, lasting until less than a week before the scheduled close of the Session, each document received a laborious first reading in an Ad Hoc Committee of the whole, during which Western and Communist delegations commented on the drafts and delegations of all groups--including the developing countries--proposed extensive amendments. Serious, and to a certain extent successful, negotiations on some paragraphs of the Declaration took place at this stage. During the second part of the Session, a period of only about four working days, representative delegations of the developed and developing countries engaged in intense negotiations on almost every sentence of the fourteen pages of the printed texts. These negotiations were far from completed when they were terminated by the Group of 77 in order to avoid prolonging the Session.

12. The original stated aim of the Group of 77 with regard to these two documents was to reach texts which could be adopted by consensus, without major statements of reservations on the part of developed country delegations. If they failed to achieve this, the developing country representatives indicated they would use their voting majority to pass their original texts. It soon became clear, however, that Western delegations simply could not swallow this heavily biased presentation of economic rules and objectives, and that the Group of 77 was not willing to make sufficient concessions to permit a genuine consensus. In the midst of the intensive period of negotiations, the G-77 spokesman acknowledged that lengthy statements of reservations might be conceded in order to achieve "consensus." Within hours of the closing session of the plenary, in the face of threatened continued opposition by the US, UK, FRG and perhaps Japan, the Group of 77 dropped their insistence that the documents be expressly adopted as the "consensus" of the General Assembly. The Report of the Ad Hoc Committee states without elaboration that the Committee "recommended" the adoption of the documents, at that point in the form of resolutions. The record of the action taken by the plenary states that the General Assembly agreed, without objection, to adopt the two draft resolutions. The statements by Western delegates that followed included both general reservations and extensive reservations on detail. The US delegate, Ambassador John Scali, in addition to putting the major US reservations on the record, specifically stated that, with

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regard to the adoption of the resolutions, "the word 'consensus' cannot be applied in this case." On the other hand, most of the G-77 delegates who spoke after adoption of the resolutions--as well as some Western representatives--asserted that the documents represented a consensus. (See the annexes for the texts of the Declaration on the Establishment of a New International Economic Order, Annex 1; the Program of Action, Annex 2; Ambassador Scali's speech after the adoption of the Resolutions, Annex 4; and a Compilation of Western Reservations, Annex 5.)

13. The heart of the Declaration of Principles is paragraph 4 which enumerates the principles on which the "new economic order" should be founded. The US objected most strongly to the following: 4(e), the right of nationalization without mention of compensation or of international law; 4(f), the right to restitution and compensation for the exploitation and depletion of natural and other resources by foreign occupation, alien or colonial domination or apartheid; 4(i), extending assistance to those who, inter alia, are under alien domination, foreign occupation, and apartheid, or are subject to "neo-colonialism in all its forms;" 4(j), a just and equitable relationship between the prices of LDC exports and their imports; and 4(t), facilitating producer associations. Indeed, most of the principles are to some degree objectionable to the United States.

14. Our difficulty with the Program of Action is even greater than with the Declaration. (See below for a separate discussion of Part X of the Program of Action, the Special Program for the Most Seriously Affected.) It is the US position that issues of trade, monetary and multilateral development assistance policies should be discussed and negotiated in the bodies set up to deal with those subjects: the GATT, the IMF and the World Bank. In addition, a broad range of food and related issues can best be handled at the World Food Conference next November. These complex and highly technical matters cannot be successfully dealt with in the UN General Assembly, especially not in the restricted timeframe of a Special Session. While participating in the debates and negotiations, the US opposed giving active consideration to the draft Program of Action, and rejected any implication that these General Assembly resolutions could bind the policies or action of governments in the other

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major world economic institutions. With regard to the details of the Program of Action, there are a great many which are contrary to US policy, some which are so unreasonable as to be beyond the realm of the possible, and only very few which are totally unobjectionable to the United States.

Action on Other Proposals, Including Special Measures for the "Most Seriously Affected"

15. The Ad Hoc Committee created a Working Group (also a committee of the whole) to handle new proposals raised by Ministers in plenary speeches. This Working Group quickly came to devote its principal attention to the immediate emergency problems of the countries "Most Seriously Affected" (soon dubbed the MSAs) by current economic conditions. While the Special Session thus began to meet US hopes of coming to grips with real, immediate issues, the Working Group and its informal sub-bodies developed a proposal to establish a special program, including a new Special Fund in the UN, to provide emergency relief and development assistance "at least" through the end of the 1970s. The original text of this proposal did reflect to a degree the priority for emergency aid urged by the US and other Western countries, but was significantly changed during negotiations to include long-range concerns for development for MSAs and eventually for others. While this trend was objectionable to Canada, Australia, Japan and the US, the revised Special Program was largely acceptable to others and not objected to by the MSA representatives present, notably India, Guyana and Pakistan. The resolution enumerated a series of special measures which "the industrialized countries and other potential contributors" might take, including long-term financial assistance, establishment of the link between SDRs and development finance, and debt renegotiation on a case-by-case basis.

16. The United States sought to focus attention on immediate needs and, in order to meet them quickly, the use of existing organizations. The G-77 delegates, on the other hand, insisted on establishing a new UN institution and on projecting the continuation of "special measures" over an extended period of time. Two days before the end of the Session, the US counterproposed a resolution based to a large extent on the LDC draft but establishing a \$4 billion target for additional assistance to the MSAs over

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the following eighteen months. The target could be met by various forms of non-project bilateral and multilateral assistance, including commodity assistance on concessional terms. Bilateral and multilateral actions would be monitored by an Ad Hoc Committee in the UN, which would not have a direct assistance function itself. The Group of 77 refused to give formal consideration to the US proposal, and, although it was circulated as a conference document, no opportunity was provided for it to be introduced and discussed in any forum at the Session. (See Annex 6.)

17. Several other proposals were introduced as draft resolutions and considered by the Working Group. One, jointly sponsored by Sri Lanka and New Zealand, called for urgent measures to meet the fertilizer needs of the developing countries, including the creation of a "fertilizer pool" under the auspices of the Food and Agriculture Organization. Others called for the creation of new bodies to investigate and act on raw materials problems (including energy) and other matters before this Special Session. These included the US proposal for the establishment of a Group of Eminent Persons to study natural resources and make recommendations on an early warning system for surpluses and scarcities. The French, eschewing collaboration with other Western delegations, pushed two proposals: the "economic observatory" raised in their plenary speech, and an "inter-sessional committee" dealing with energy, in particular to provide a forum for a "preparatory dialogue" between producers and consumers.

18. The Group of 77 decided in the closing days of the Session, however, that all of these additional proposals would not be considered by the Ad Hoc Committee until after action had been taken on the Declaration, Program of Action, and Special Program for the MSAs. In the end, because of the prolonged negotiations on the first two documents, the other draft resolutions were merely referred to the Economic and Social Council which had already begun its regular spring session (except for the US alternative to the Special Program for the MSAs which had already been rejected by the developing countries).

19. The US had hoped until the closing days of the Session that (1) the proposals for special measures for the MSAs, including the Sri Lanka fertilizer proposal, and heightened UN capability to consider raw materials problems would emerge as the major accomplishments of the Session,

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and that (2) faced with the impossibility of a consensus formulation on the Program of Action, the Group of 77 would agree to merely passing it on to other bodies for further consideration. These hopes were not realized. First, other developed country delegations, with few exceptions, quickly accepted the Group of 77 offer to adopt a somewhat modified Program of Action by consensus with lengthy statements of reservation. Second, the Group of 77 eventually insisted on attaching the Special Program for the MSAs to the Program of Action as the last of the Program of Action's ten parts. It insisted at the same time that the Declaration and Program of Action be considered together as a package. Last, the decision to refer all other draft resolutions onward to ECOSOC confirmed the success of those LDC delegations which had sought to use the Assembly to reaffirm their views on the international economic order.

Attitudes of Groups and Individual Delegations

20. The LDCs. To a large extent the behavior of individual delegations reflected the personal preferences of their principal leader or even of the delegation member handling a specific subject, so firm characterization of many of them is difficult. It was clear during the Session, however, that a group of ideologically more hard-line delegations--who may be called the radicals--largely dominated the Group of 77. This subgroup was led by Algeria, with the strong support (at least when in view of Western delegations) of Iraq, Zaire, Uganda, and Guinea. Libya adhered to this subgroup, and its leadership enjoyed the support or at least the acquiescence of the major centers of "oil money": Iran, Saudi Arabia and Kuwait. It is this group which preached a new economic order, which even grudgingly accepted amendments "weakening" their original texts, which damned Western criticisms of their proposals as reactionary, and which apparently would have been pleased to see the US isolated in a negative vote.

21. A significant subgroup of moderates within the Group of 77 opposed the radicals. They succeeded in appointing Indian delegate K. B. Lall and Venezuelan Minister Perez Guerrero as the principal G-77 spokesmen and determined that the Group would seek to negotiate substantial and sweeping compromises to the Declaration of Principles and Program of Action in an effort to win maximum support from Western delegations. They did not, however, gain control of the

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Group of 77, which remained under the influence of Algeria and the other radicals.

22. Apparently the weakest element within the Group of 77 was the Most Seriously Affected themselves with regard to the pursuit of their special interests. Various motives are possible for their meek demeanor: They--as well as other LDCs--were clearly reluctant to identify their positions with the United States or with the developed world in general. Secondly, the Arab oil producers and Iran had said enough about providing assistance to them that the MSAs could not risk offending them. The expectation of private bilateral deals probably quieted some.

23. Conspicuous for the almost negligible role they played were the Latin Americans. The Brazilian delegation made no plenary speech and limited its efforts to making certain that the criteria for the Special Program for MSAs were not so strict as to preclude their benefiting from it. The Argentines spoke infrequently in support of G-77 positions. The Venezuelans, because of Perez Guerrero, were more active participants. The remainder were scarcely heard from. It was clear that the Washington Meeting of Foreign Ministers and the Atlanta OAS General Assembly, which coincided with the Special Session, were the forums of real interest to them and they were largely observers at the General Assembly.

24. Developed Countries. Grouped together as the Western Europeans and Others (WEOs), the developed countries suffered serious lack of unity. Only certain members of the European Community (the UK, FRG, Belgium, France and Italy) and Japan were willing to join the US in speaking against LDC positions at all. The Scandinavians, Australia and New Zealand in their infrequent interventions either supported G-77 aspirations or urged that a happy solution be found to differences of view. Canada simply remained silent during discussions on the Declaration and Program of Action. (The Canadian and Australian delegates covering the negotiations on the Special Program for MSAs, however, actively argued positions consistent with US views.) It became clear to all delegations early in the Session that the Group of 77 had only to focus on the US, the EC-9 and Japan. In that effort, the other developed country delegations were in effect silent partners.

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25. Communist Countries. The issues raised by the Eastern Europeans under Soviet leadership and by the Communist Chinese became merely a sideshow to the main event of the IDC/DC negotiations described above. The principle Soviet thrust was to insert in the G-77 drafts congratulatory and hortatory references to detente and peaceful co-existence. The Chinese struggled to frustrate Soviet initiatives and to delete the concept of interdependence from the draft texts. The Group of 77 response was to reject amendments from both sides, leaving the Soviets relatively unhappy and the Chinese relatively satisfied.

Follow-On Events

26. Under the terms of the Special Program for MSAs, a 36-member Ad Hoc Committee of the General Assembly was created to monitor emergency action to assist the MSAs, and make recommendations on the establishment of the UN Special Fund. The Committee's report, including its recommendations with regard to the Special Fund, will be considered by ECOSOC in July and by the General Assembly in the fall. We have informed the President of the General Assembly of the US desire to be a member of that Committee. The Sri Lanka/New Zealand resolution on a special fertilizer program largely to be designed by the FAO and a Japanese proposal endorsing the Natural Resources Revolving Fund have been adopted by ECOSOC.

27. In addition to creating these new programs, the work of the Special Session will have immediate and direct impact on several on-going UN activities. (1) The fourth and final session of the UNCTAD Working Group on the Charter of Economic Rights and Duties of States will meet in Mexico City in June. Several proposed paragraphs of the draft Charter deal with issues treated--contrary to US positions in many instances--in the resolutions adopted at the Special Session. Consideration of the Charter will also be a major item on the Agenda of this fall's regular General Assembly. (2) At its summer session in July, ECOSOC will receive a report from a Group of Eminent Persons studying the multinational corporations. The issue before ECOSOC will be whether to take steps towards formulating a Code of Conduct which would purport to regulate MNC activities. The intent of the Group of 77 to push ahead on this path was reaffirmed at the Special Session. (3) The US draft resolution on a Group of Eminent Persons

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on raw materials, as well as other major draft resolutions emanating from the Special Session will also be considered at ECOSOC's summer session. (4) In addition to considering reports on the Special Program for MSAs, next fall's General Assembly will probably see further discussion of the Declaration and Program of Action as a whole, as LDC leaders seek to push forward with establishing their "new international economic order." Algerian Foreign Minister Bouteflika will be President of the General Assembly at the next session, and the Program of Action calls on the General Assembly to review the implementation of its provisions as a priority item. (5) LDC delegations to the upcoming World Food Conference can be expected to seek to maintain the tactical advantage of bloc unity which they used so successfully at the Special Session. While food problems per se did not receive major attention at the Special Session, developing countries at the World Food Conference will probably replay the theme of sustained high prices for LDC exports--with assistance from developed countries for those LDCs which cannot afford to buy at high prices.

28. Two major events already scheduled for 1975 will be significantly affected by the Special Session. The entire economic side of the UN system will undertake a mid-term Review and Appraisal of the International Development Strategy which was adopted in 1970 to guide the UN's Second Development Decade. The exercise will probably result in modifications of the Strategy to express the more extreme positions in the Declaration and Program of Action. Lastly, another Special Session of the General Assembly has been scheduled for September 1975 to consider development questions.

Results of the Session

29. The hitching of the Group of 77 numerical majority to two documents seriously offensive to the United States and many other Western powers is a cause of major concern. The Department's telegram "UNGA Sixth Special Session--Steamroller Tactics" (State 104050 of May 17) summarizes the Department's position in this regard. We object to the manner in which Western views were overridden. We equally object to the willingness of the LDCs to adopt resolutions without adequate regard to practical problems of implementation and even--so evidently the case at the Special Session--without adequate consideration. We are

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exploring ways to arrest this unfavorable trend, to reach truer, more broadly based consensus, and to strengthen the UN's ability to respond to urgent world problems.

30. With particular regard to the countries faced with pressing economic needs because of current economic conditions, the Session did not result in adequate action from the US point of view. It did provide a forum for focusing attention on the problem and airing the issues. Our proposal for a \$4 billion target approach was welcomed informally by many developing countries and Western Europeans. The oil producers were subjected to pressure from the MSAs and other developing countries during the many hours of G-77 caucuses. As the crisis continues, there will be pressure for more than rhetoric to meet the needs of the Most Seriously Affected. There will be further opportunities for action both in the UN and elsewhere: in addition to the new UN Special Program, pressures from the LDCs will no doubt be brought to bear in the IMF, the World Food Conference, FAO meetings and perhaps in further international meetings on energy. The Special Session thus represented the first step by the international community at the governmental level in seeking to devise solutions for the problems of the Most Seriously Affected.

Clearances: IO - Dr. Morey
IO/CMD - Messrs. McDonald, Tank, Yoder
IO/UNP - Mr. Kimball
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EB/GCP - Mr. Prickett
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